

# Budget Worksession

**Agenda Item #**

4

**Meeting Date**

May 21, 2007

**Prepared By**

Jessie Carpenter  
City Clerk

**Approved By**

Barbara B. Matthews  
City Manager

**Discussion Item**

Discussion of Policy for Grants to Nonprofit Organizations

**Background**

In the spring of 2006, the Council briefly discussed the issue of providing funding for various community nonprofit organizations. Although no funding was included in the FY07 budget specifically for these purposes, the Council requested staff to provide additional information and guidance on creating a program to provide such grants, in the event the Council wished to establish a program.

The City Attorney drafted a memo to provide the Council with a general overview of Maryland law relating to municipal grants to private organizations. The memo was distributed to Council in May of 2006. The memo references Montgomery County's Community Services Grants Program.

Staff has become aware of several municipalities that offer grants to community organizations, including Rockville and College Park. Information about each of their programs is attached.

If the Council desires to establish a program, the staff will work with the City Attorney's Office to develop specific policies, procedures and guidelines for Council review.

**Policy**

The City Council determines how funds are expended and the services to be provided by City government.

**Fiscal Impact**

There is no funding included in the proposed FY08 budget for this purpose.

**Attachments**

- Memo from the City Attorney's Office: City Grants to Nonprofit Organizations (May 18, 2006)
- City of College Park Community Services Grant information
- City of Rockville Grant Application for Requests over \$1,000

**Recommendation**

Discuss and provide direction to the City Manager as to whether funding should be included in the FY08 budget.

**SILBER &**

**PERLMAN**

# MEMO

**To:** Takoma Park City Council; Barbara Matthews

**From:** Susan Silber, City Attorney  
Kenneth Sigman

**Subject:** City grants to nonprofit organizations.

**Date:** May 18, 2006

## Purpose

The purpose of this memorandum is to provide the Council with a general overview of the law relating to municipal grants to private organizations to facilitate the discussion of a comprehensive grant program for the City.

## Discussion

Under Maryland law, state and local governments may appropriate public funds for any "public purpose." This authority is expressly granted to municipalities by section 2 of Article 23A of the Maryland Code, and is incorporated in section 401(b)(4) of the Takoma Park Charter. These provisions authorize the expenditure of municipal funds for any purpose "deemed to be public and to affect the safety, health, and general welfare" of the City and its residents. The courts have consistently held that governments may appropriate funds to private entities that provide services that are public in nature if the government maintains supervision and control over the public service at issue and requires total accountability by the private entity for the public funds.

### Whether a public purpose exists.

The law does not define what constitutes a public purpose. Rather, as the Court of Appeals of Maryland explained, "it is almost entirely a matter of general acceptance." Wilson v. Board of County Com'rs of Allegany County, 273 Md. 30, 45, 327 A.2d 488, 496 (1974) (citations omitted). The Court of Special Appeals of Maryland provided the following guidance on the issue: "In general, a public purpose has for its objective the promotion of the public health, safety, morals, general welfare, security, prosperity, and contentment of all the inhabitants or residents within the municipal corporation." Bowling v. Brown, 57 Md. App. 248, 259, 469 A.2d 896, 902 (1984). Matters that have been recognized as public purposes for which governments may provide public

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funds to private entities include the construction of private hospitals to provide medical care for local residents, domestic violence victim assistance programs, the staging of a visual and performing arts program, the construction of buildings for private colleges, and purchasing land for and constructing factories for private enterprises to provide employment opportunities and generate tax revenue.

The issue of whether specific efforts to promote economic development further a public purpose is often the subject of litigation, particularly when governments exercise their power of eminent domain to transfer property from one private owner to another. The trend in the court decisions has been toward a more expansive definition of public purpose. However, there is a growing political backlash regarding this issue that may stop or reverse this trend. Generally, a public purpose exists where a private entity is furthering an objective that the government has the authority to pursue through its own agencies. When economic development is the objective, courts are more likely to find the appropriation of funds to a private entity to be for a valid public purpose if the matter at issue is part of a previously adopted economic development plan or policy.

Imposing sufficient governmental control over private entities.

The control and accountability necessary when public money is appropriated to private entities may be imposed through legislation applicable to specific grantees or through individual contracts with grantees.

The State of Maryland's statutory establishment of a private nonprofit corporation to benefit blind residents, Blind Industries and Services of Maryland ("Blind Industries"), is an example of the legislative approach to ensuring sufficient governmental control and accountability over private entities to facilitate the granting of public funds to those entities. The Maryland Code establishes Blind Industries as a corporate entity and vests control of the corporation with a 11-member board of trustees that is appointed by the Governor. Blind Industries, however, is not part of the state budget and its only state funding comes from grants. The statute requires the Board of Trustees to keep financial records, make an annual report to state officials, and undergo annual audits. Because of the statutory oversight requirements, the state can grant funds to Blind Industries.

Chapter 23B of the Montgomery County Code provides an example of a local government program that facilitates the granting of public money to wholly independent nonprofit organizations by requiring that the recipient enter into a contract with the County that details the terms of the grant. The Chapter authorizes the appropriation of public money to private nonprofit organizations that provide services to County residents that would otherwise be provided by the County. The nonprofit organizations must demonstrate that it will be unable to continue its services without public assistance. The statute provides general guidance on the selection of nonprofit organizations to receive County funds, and prescribes the procedures for applying for the grants, and expressly

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requires the execution of a performance contract between the County and the recipient to govern the use of the funds. The County Administrator reviews the applications to decide whether the grant of funds would serve a public purpose, and the County Executive makes a recommendation to the Council regarding the amount of assistance to be provided. The Council then holds a public hearing on the matter. The County Administrator negotiates the performance contract with the recipient.

Montgomery County also has a "Community Services Grants Program" through which it provides single grants of \$20,000 or less for one-time capital improvement projects of nonprofit organizations that provide community services within the County. Applications are considered by an appointed review panel consisting of private residents and County officials. The review panel makes a recommendation to the County Executive regarding which entities should receive the grants and the amount of each grant. If the County Executive agrees with the recommendation, he includes it in his budget proposal to the extent funds are available. The Council then decides on the grant as part of the budget approval process. Upon final approval, the grantee must then sign a contract that details the terms of the grant.

Suggestion for Takoma Park.

We understand that the Council is interested in creating a procedure for awarding modest grants (in the \$1,000 to \$2,000 range) to assist nonprofit organizations whose activities promote regional awareness of Takoma Park as a desirable place to live, work, operate a business, and shop that obviates the need for the Council to consider individual requests for money on an *ad hoc* basis and that will not unduly burden the staff.

Establishing a program similar to the County's Community Services Grants Program appears to be a logical approach. An appointed grants panel consisting of volunteer residents, and possibly chaired by a City staff member, would limit the cost of administering the program.<sup>1</sup> Making the volunteer panel and staff the primary decision makers would reduce the politicization of the process.<sup>2</sup> The establishment of the program with stated goals and criteria would also make clear

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<sup>1</sup> When awarding relatively small grants, it is important to minimize the cost of administering the grants. One characteristic of the County's Community Services Grants Program that may reduce its administrative costs is that it is limited to capital improvements, which likely facilitates the use of a form contract wherein only the description of the project changes for each grant. The City may wish to establish a few narrowly defined uses for its grant funds to avoid the need for complex contracts.

<sup>2</sup> We understand that at least one Councilmember has expressed interest in having the Takoma Foundation administer the City's grant program. This does not appear to be a practical option for two reasons. First, the Takoma Foundation itself is a private entity that is not

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that grants issued pursuant to the program serve a public purpose.

The promotion of regional awareness of the City is not an expressly enumerated power of the Council under the Charter. Such an objective, however, is consistent with the general power of the Council to promote the "health, safety, comfort, convenience, welfare, and happiness" of the residents of the City. Charter §401(a). Such an objective also furthers the recognized public purpose of promoting the prosperity of the City. Finally, the underlying activities likely promote "the health, recreation, welfare, and enlightenment" of City residents and thereby constitute "Community Services," the provision of which is an express power of the Council under section 401(b)(13) of the Charter.

#### Conclusion

If the Council decides to establish one or more grants programs, we are available to answer questions that arise during the Council's consideration of this issue and we can work with staff to prepare the appropriate ordinance and regulations.

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accountable to the City. Second, even if the City were to contract with Takoma Foundation to administer the grants program in a manner that provides the City with sufficient supervisory authority and control, the Takoma Foundation would be distributing public money to third-party private entities that would not be subject to the City's supervision and control.

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\* 7000 CARROLL AVENUE, SUITE 200, TAKOMA PARK, MARYLAND 20912 \*  
(301) 891-2200 \* FAX (301) 891-2206 \*

City of College Park  
FY2007 Community Services Grant Criteria  
(Deadline: Wednesday, February 28, 2007, 5:00 pm)

**PURPOSE AND ELIGIBILITY**

The purpose of the City of College Park Community Services Grant is to provide resources for community programs and opportunities. The City of College Park believes that supporting community activities enhances the community as a whole. The City will provide grants to fund programs and activities that promote enhanced community opportunities for its residents. The maximum community services grant award per organization for fiscal year 2007 is **\$3,000**.

Grants awarded may:

- Support collaborative initiatives that increase partnerships between community residents and public or private agencies
- Improve neighborhood quality of life (e.g. beautification projects, environmental issues, public safety, etc.)
- Support youth activities
- Increase voter registration and turnout
- Encourage businesses to provide assistance to community-based organizations
- Celebrate the diversity of the College Park community
- Support educational needs of College Park children
- Support life enhancing opportunities for children and/or adults
- Build civic education (Definition: A well-informed, competent citizenry, comprised of people of all ages, must develop the values, knowledge and skills that will contribute to the greater good and civic health of their community.)
- Increase community volunteerism
- Provide operational funds for an organization whose programs meet one or more of the above listed items

Successful applicants will:

- Demonstrate a positive impact on the City of College Park and/or its residents
- Complement to City policies identified in the City's Comprehensive Plan, in City government strategies regarding public safety, quality of life and/or City program budget goals
- Create community enhancement models that can be replicated by municipalities across the state
- In an evaluative summary, include measurable results based on established goals
- Show prior effectiveness in program implementation

**ORGANIZATIONS INELIGIBLE FOR THIS GRANT PROGRAM**

- Any organization receiving a direct or beneficial grant from the City of College Park during this fiscal year
- Any fire company receiving a Fire Department Capital Equipment Grant from the City of College Park during this fiscal year

## **APPLICATIONS**

- All applications must be typed or computer-generated (using the same format) and 1 copy of the application must be submitted. In order to be considered, all sections of the application must be completed. If sections or questions are not applicable, please indicate so with N/A.
- Requested information may be provided on separate sheets as long as the separate sheets reference the appropriate section and question numbers.
- You may attach additional printed information, such as brochures, participant lists, volunteer lists
- Materials submitted with applications will not be returned.
- All goals must be defined and measurable.
- Delineate in budget narrative/justification the breakdown of expenses in each line item requested

## **APPLICATION SUBMITTAL**

All grant applications must be received no later than Wednesday, February 28, 2007 at 5:00 pm, addressed as follows:

Director of Finance  
CITY OF COLLEGE PARK  
4500 Knox Road  
College Park, Maryland 20740-3390

Questions on application submittal should be directed to Stephen Groh, Director of Finance, at 301-209-7436, FAX 301-864-8941, E-mail: [sgroh@collegeparkmd.gov](mailto:sgroh@collegeparkmd.gov). If you would like an electronic version of the application (in Word format), please send an e-mail to [sgroh@collegeparkmd.gov](mailto:sgroh@collegeparkmd.gov).

## **SELECTION PROCESS**

Proposals that do not strictly adhere to the application guidelines will not be considered. Special consideration will be given to programs directly serving City of College Park residents and involving multiple community partners. Upon final decision on the grant application by the City Council, you will be notified of the result. Prior to disbursement of funds, a hold harmless agreement must be executed by the recipient.

Worksession review of community services grant applications by Mayor & Council is scheduled for Tuesday, March 6, 2007. It would be helpful if you have a representative available to answer any questions.

## **GRANT REPORTS**

Grant activities covered under this grant are expected to be concluded by December 31, 2007. Following conclusion of activities under this grant, a final report must be submitted to the Director of Finance by February 1, 2008. Late grant reports may adversely affect future requests.

Grant reports are to include the following information:

1. Application Cover Page
2. Outline of the goals and objectives you set out to accomplish through your project and provide outcomes based on those goals and objectives
3. Describe the project activities conducted toward achieving these objectives? Were there any unanticipated changes to the project? Why? How did you implement these changes? Did you meet your goals?
4. Budget comparison – compare budget to actual expenditures and justify any differences



City of College Park  
FY2007 Community Services Grant Application

**A. GENERAL INFORMATION:**

Organization Name: \_\_\_\_\_

Organization Address: \_\_\_\_\_

City/State/Zip: \_\_\_\_\_

Program Name (if different): \_\_\_\_\_

Contact Person/Title: \_\_\_\_\_

Telephone Number: \_\_\_\_\_ FAX Number: \_\_\_\_\_

E-mail Address: \_\_\_\_\_

**Use of Grant Funds:** Will the City of College Park Community Services Grant be used to maintain an existing program, expand an existing program or start a new program? Check the appropriate box.

☐ Maintain Existing Program    ☐ Expand Existing Program    ☐ Start New Program

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*We, the authorized representatives of the applicant organization, have completed or directed the completion of this application for the City of College Park Community Services Grant and confirm that the information contained herein is true and correct to the best of our knowledge, information and belief.*

\_\_\_\_\_  
Signature/Date

\_\_\_\_\_  
Signature/Date

\_\_\_\_\_  
Printed Name/Title

\_\_\_\_\_  
Printed Name/Title

City of College Park  
FY2007 Community Services Grant Application

Organization Name: \_\_\_\_\_

Program Name: \_\_\_\_\_

**B. ORGANIZATIONAL STRUCTURE:**

1. Number of current Board Members? \_\_\_\_\_
2. In what year did the organization begin operating? \_\_\_\_\_
3. In what year did *this program* begin operating? \_\_\_\_\_
4. Is the organization incorporated? \_\_\_\_\_ If so, in what state? \_\_\_\_\_
5. Is the organization qualified under Internal Revenue Code and regulations as a tax exempt organization? \_\_\_\_\_ If so, under what section of 501(c)? \_\_\_\_\_

Federal Identification Number: \_\_\_\_\_

6. Is this organization in compliance with all laws and regulations?    ☐ Yes      ☐ No
7. Staffing Profile: Identify the number and position/title of staff used to administer *this program*:

List Position/Titles:

8. How many volunteers are used to administer *this program*? \_\_\_\_\_

**C. FUNDING SUMMARY:**

Grant Request	\$ _____
Funds Secured from Other Sources	_____
Additional Funds Yet to be Secured	_____
Total Program Funds	\$ _____

**D. OVERVIEW OF PROGRAM FOR WHICH YOU ARE REQUESTING FUNDS:**

1. **Need Statement:** (a) Identify the issue or need that the program will address, and  
(b) identify the target/recipient of program services

2. **Program Summary:** Briefly describe the purpose of the proposed program and the services or activities to be provided to the target/recipient.

3. **Program Impact:** List the program's anticipated outcomes. What will change as a result of participation in program activities or how will the community benefit? Outcomes can be defined as the changes/benefits in skill, behavior, knowledge, attitude, conditions, status or awareness that participants experience during or after taking part in program activities.

- E. PROGRAM ACTION PLAN:** Briefly describe (**use bullet format**) each activity to be provided by your program to meet the desired outcome(s). If applicable, identify the average number of days or hours per month each activity will be provided to program participants. Also, identify specific tasks required in order to fully implement the program, including target dates.

**ACTIVITY/SPECIFIC TASK**

**AVG. DAYS/HRS. PER MO.**

**TARGET DATES**

**F. PROGRAM EVALUATION:** Identify and describe the methods to be used to evaluate this program? (i.e., questionnaire, interview, survey, pre- and post- test, rating scale, observation, other)

**G. ORGANIZATION EVALUATION:** Briefly describe one or two similar programs which the organization has undertaken in the past two years and provide an assessment of their effectiveness.

**H. COLLABORATION:**

1. Is this a collaborative program involving other agencies?

☐ Yes

☐ No

2. If so, please provide the name of collaborating agencies and the nature of the collaboration.

I. **BUDGET NARRATIVE:** Describe how line item totals in Program Budget, Item J, were determined.

**J. PROGRAM BUDGET:**

**Receipts**

Grant request from City of College Park \_\_\_\_\_

Foundations, other grants \_\_\_\_\_

Public agencies \_\_\_\_\_

Corporations \_\_\_\_\_

Other receipts (describe: \_\_\_\_\_) \_\_\_\_\_

**TOTAL RECEIPTS** \$ \_\_\_\_\_

**IN-KIND CONTRIBUTIONS** \$ \_\_\_\_\_

**Expenses**

Personnel (salaries, benefits, taxes) \_\_\_\_\_

Consulting fees \_\_\_\_\_

Equipment purchases \_\_\_\_\_

Supplies \_\_\_\_\_

Transportation \_\_\_\_\_

Equipment rentals \_\_\_\_\_

Other services (describe: \_\_\_\_\_) \_\_\_\_\_

Other expenses (describe: \_\_\_\_\_) \_\_\_\_\_

**TOTAL EXPENSES** \$ \_\_\_\_\_

**NET SURPLUS / (DEFICIT)** \$ \_\_\_\_\_

RE: FY2007 Community Services Grant

## **HOLD HARMLESS AGREEMENT**

In consideration for the receipt of certain grant monies from the City of College Park, and other good and valuable consideration, receipt and sufficiency of which is hereby acknowledged, \_\_\_\_\_

(Applicant) does hereby agree to indemnify and hold the City of College Park, its agents, servants and employees, harmless from and against any and all claims, demands, actions, causes of action, suits, and proceedings by others, and against all liability for damages, including attorneys fees, incurred by reason of or arising from any program, class, equipment or activity for which funds provided by the City of College Park are used directly or indirectly, regardless of whether or not the City is named as a sponsor.

Applicant: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Dated: \_\_\_\_\_

# City of Rockville

## 2007/2008 Grant Process for Community Organizations

# INSTRUCTIONS

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1. **Eligibility** – Organizations must provide services to Rockville residents to be eligible to apply.
2. **Deadline** – All applications and attachments must be received by the City of Rockville Department of Finance by **5:00 p.m. on Friday, January 12, 2007.**
3. **Technical Assistance Session** – To encourage the submission of quality applications, a technical assistance session will be held on **Wednesday, January 3, 4-5:00 p.m.** in the Blue Crab Conference Room of Rockville City Hall, 111 Maryland Avenue, Rockville.
4. **Mailing Address** – All applications are to be mailed or delivered to:  
  
Gil Francisco  
Budget Management Administrator  
Department of Finance  
111 Maryland Avenue  
Rockville, Maryland 20850
5. **Required Attachments and Signatures** – The application must be signed and dated by both the Executive Director and President of the Board of the agency. If the same person holds both positions, a second leadership signature from an authorized Board member is required. ONE COPY of each of the following attachments must be included with the application.
  - ☐ Audit, Financial Statement, or compilation for most recent completed operating year
  - ☐ Board Roster identifying officers, term limits, addresses, and phone numbers.
6. **Number of Copies** – Submit the original with the above required attachments, and six (6) copies of the application only (*not including* the above required attachments.)
7. **Fiscal Year** – The fiscal period used for Rockville funding is July 1 through June 30. All applicants must use this funding period for providing information requested in the Rockville Nonprofit Grant Application. For this application, the Current Year is defined as Fiscal Year 2007 (July 1, 2006 through June 30, 2007). The Grant year is defined as Fiscal Year 2008 (July 1, 2007 through June 30, 2008).
8. **Electronic Copy** – An electronic copy of the application form may be obtained from the City's webpage at [www.rockvillemd.gov](http://www.rockvillemd.gov). Applicants may also request an electronic copy by calling Mary Lou Jacobs at 240-314-8303.
9. **Grant Award Notification** – On or after March 26, 2007, all applicants will be notified, in writing, of the grant recommendations made by the City Manager to the Mayor and City Council. Applicants will have an opportunity to speak in support of their grant request at a Budget Public Hearing on April 16 or April 23 in the Mayor and Council Chambers at Rockville City Hall, 111 Maryland Avenue in Rockville. Final decisions will be made by the Mayor and Council on the City's Fiscal Year 2008 budget on May 21, 2007. Notification of grant awards will be mailed shortly thereafter.





**City of Rockville**  
**Grant Application for Requests over \$1,000**  
*Fiscal Year 2008 (July 1, 2007 – June 30, 2008)*

**Organization's Name:** \_\_\_\_\_

**Organization's Address:** \_\_\_\_\_

**City/State/Zip:** \_\_\_\_\_

**Website Address:** \_\_\_\_\_

**Program Name:** \_\_\_\_\_

**Contact Person/Title:** \_\_\_\_\_

**Telephone Number:** (\_\_\_\_) \_\_\_\_\_ **Fax** (\_\_\_\_) \_\_\_\_\_

**Email Address:** \_\_\_\_\_

**Amount Requested:** \_\_\_\_\_

**Use of Request:** Will the City of Rockville's grant be used to maintain an existing program, expand an existing program or start a new program? Check the appropriate box.

☐ Maintain Existing Program      ☐ Expand Existing Program      ☐ Start New Program

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*We, the undersigned, authorize the submission of this application to the City of Rockville and confirm that the information contained herein is accurate and can be verified as such. We understand and agree that if the requested grant is approved, the disbursement of grant funds will be subject to all grant conditions that may be established from time to time by the City of Rockville.*

\_\_\_\_\_  
**Signature (Executive Director) & Date**

\_\_\_\_\_  
**Signature (Board President) & Date**

\_\_\_\_\_  
**Typed Name (Executive Director)**

\_\_\_\_\_  
**Typed Name (Board President)**

**CITY OF ROCKVILLE GRANT APPLICATION – FISCAL YEAR 2008**

**Organization's Name:** \_\_\_\_\_

**Program Name:** \_\_\_\_\_

**1. Briefly describe the need that your program works to address. To what extent does this need exist in Rockville?**

**2. Briefly describe the services or activities your program proposes to provide with City funding in FY 2008, including relevant dates or hours of operation. How many Rockville residents will participate in or benefit from the services or activities your program will provide?**

**CITY OF ROCKVILLE GRANT APPLICATION - FISCAL YEAR 2008**

**Organization's Name:** \_\_\_\_\_

**Program Name:** \_\_\_\_\_

**3. Briefly describe the history and mission of your organization or event and your prior experience providing this service. Do you rely on board members, staff and/or volunteers to provide this service or activity?**

**4. Please describe any objectives or outcome measures you have developed to evaluate the benefit(s) provided by this program and the process you use to assess customer satisfaction and program effectiveness.**

**CITY OF ROCKVILLE GRANT APPLICATION - FISCAL YEAR 2008**

**Organization's Name:** \_\_\_\_\_

**Program Name:** \_\_\_\_\_

**5. Describe specifically how City dollars will be used to provide the program outlined in Question #2.**

**6. Did your program receive funding from the City of Rockville for FY 2007? \_\_\_\_Yes \_\_\_\_No**

**If the amount of your FY 2008 request represents an increase, please explain the reason(s) for the increase.**

**7. What other funding will your organization raise/contribute to operate this program or activity?**

**8. Please list those persons who are legally authorized to sign agreements, reimbursement requests, etc.**

**9. Please attach recent pamphlets, brochures, etc. that you use to publicize your service or event.**